Sales and Use Tax (Tips/Gratuities)

How is wage withholding handled for tips and gratuities?

The state of Colorado follows the federal rules and guidelines in regard to tips/gratuities as part of actual wages for employees of a business. Contact the IRS to determine the taxability of tips and gratuities in regard to employee wage withholding.

See the IRS Web site at www.irs.gov look under Frequently Asked Questions and "Tips."